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BEFORE THE
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

FEB 14 1997

In the Matter of

Access Charge Reform

Price Cap Performance Review
for Local Exchange Carriers

Transport Rate Structure
and Pricing

Usage of the Public Switched
Network by Information Service
and Internet Access Providers

) FEDERAL COMMUNICATIONS COMMISSION
) OFFICE OF SECRETARY

) CC Docket No. 96-262

) CC Docket No. 94-1

) CC Docket No. 91-213

) CC Docket No. 96-263

To: The Commission

**REPLY COMMENTS OF THE
PERSONAL COMMUNICATIONS INDUSTRY ASSOCIATION**

The Personal Communications Industry Association ("PCIA")^{1/}

respectfully submits its reply to the comments filed in response to the *Notice of*

^{1/} PCIA is the international trade association created to represent the interests of both the commercial and the private mobile radio service communications industries. PCIA's Federation of Councils includes: the Paging and Narrowband PCS Alliance, the Broadband PCS Alliance, the Specialized Mobile Radio Alliance, the Site Owners and Managers Association, the Association of Wireless System Integrators, the Association of Communications Technicians, and the Private System Users Alliance. In addition, as the FCC-appointed frequency coordinator for the 450-512 MHz bands in the Business Radio Service, the 800 and 900 MHz Business Pools, the 800 MHz General Category frequencies for Business Eligibles and conventional SMR systems, and the 929 MHz paging frequencies, PCIA represents and serves the interests of tens of thousands of licensees.

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Proposed Rulemaking ("NPRM")^{2/} adopted in the above-captioned proceeding. In its comments, PCIA indicated its support of many aspects of the Commission's effort to reform the existing access charge structure, and highlighted three issues meriting meaningful consideration by the Commission. The comments filed in this proceeding reinforce the importance of Commission attention to these issues.

In its comments, PCIA urged the Commission to implement access charge and universal service reform concurrently to avoid double-recovery of costs. Several commenters^{3/} also expressed the belief that universal service and access charge reform must be coordinated.^{4/} Several parties offered specific suggestions of how costs recovered via one program should be offset elsewhere in order to avoid double-

^{2/} FCC 96-488, released December 24, 1996.

^{3/} Comments of The Association for Local Telecommunications Services, p. 14; US West, pp. 19-20; Washington Utilities and Transportation Commission, pp. 1, 9; AirTouch Communications, Inc., pp. 10-11; National Association of Regulatory Utility Commissioners, p. 7; and Public Utilities Commission of Ohio, pp. 10-11.

^{4/} Western Alliance disagrees, arguing that universal service fund support will serve a different purpose than access charges, and therefore should not be used to reduce access charges. Comments of Western Alliance, pp. 19-20. This argument is contrary to record evidence establishing that certain elements of current access charges contain implicit universal service subsidies. Thus, the suggestion that these proceedings are unrelated is without support.

recovery.^{5/} PCIA supports those suggestions, to the extent they avoid double-recovery of costs from the universal service and access charge regimes.

PCIA also suggested that the FCC monitor the effects of access charge reform on the size of carriers' universal service fund contributions. The fact that costs previously recovered from interexchange carriers ("IXCs") as part of access charges will be recovered elsewhere once reform has been implemented is borne out in the comments filed. In fact, some carriers specifically propose to assess charges to

^{5/} See Comments of Southwestern Bell Telephone Company, p. 7 (amount of interstate high cost support and long term support local exchange carriers ("LECs") receive from universal service fund should reduce LECs' interstate carrier common line ("CCL") rates); Competition Policy Institute, p. 18 (subscriber line charge ("SLC") and CCL should be reduced to reflect the removal of long term support and other costs); Sprint Corporation, pp. 51 (any increase in explicit universal service funds should be offset by equal reductions in transport interconnection charge ("TIC") and the rates for usage-sensitive switching and local transport, until they reach total element long run incremental cost levels); America's Carriers Telecommunications Association, p. 22 (exogenous costs for price cap LECs, and interstate costs for rate-of-return LECs, should be adjusted downward to reflect revenues received from the universal service fund); BellSouth Corporation and BellSouth Telecommunications, Inc., pp. 53-54 (access charges should be adjusted to reflect the net universal service funds received); California and the California Public Utility Commission, p. 14 (new revenues from universal service fund should result in downward adjustment to the price cap mechanism); Internet Access Coalition, p. 6 (FCC should impose a downward exogenous costs adjustment to price cap index); Tele-Communications, Inc., p. 34 (access charges should be reduced to reflect full extent of any cost support such as downward, exogenous cost adjustment to the CCL charge, or PIC-based charge, for price-cap LECs that reflect the full extent of any reduced obligation to make support payments); and Public Utility Commission of Texas, p. 30 (exogenous costs should be adjusted downward to reflect revenues received from any increase in universal service support).

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all telecommunications carriers, including wireless carriers such as PCIA's members, to recover carrier common line and subscriber line costs.^{6/} PCIA opposes these suggestions. They are inconsistent with the approach the Commission is taking with respect to access charge reform. The *NPRM* proposes to implement rates and rate structures which are related to costs, and to remove implicit subsidies such as those for the universal service program, from access charges. The proposals of the Alliance for Public Technology and Competition Policy Institute are inconsistent with this cost-causative approach.

Finally, PCIA requested that the Commission cure the historically unfair treatment commercial mobile radio service ("CMRS") providers have experienced where IXC traffic traverses a LEC network and is terminated on a CMRS network, i.e., the "three-carrier model." The *NPRM* failed to address the three-carrier model.

^{6/} The Alliance for Public Technology suggests that CCL and SLC charges be replaced with a common facilities charge imposed upon all telecommunications carriers who use the local network to deliver services (including those who provide service via interconnection). Comments of Alliance for Public Technology, pp. 5-6. The Competition Policy Institute suggested that CCL charges should be recovered *in part* from IXCs *and the remainder* from other telecommunications service providers using the local loop (including wireless carriers). Comments of the Competition Policy Institute, pp. 15-16.

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The need for Commission attention to this issue is evidenced by the dearth^{7/} of comments filed discussing the issue.

Under the three-carrier model, CMRS carriers are being treated unfairly. LECs historically have imposed inappropriate charges on CMRS providers, and have collected terminating access revenues for traffic they deliver to the CMRS network instead of terminating to their own end user subscribers. In its comments, PCIA urged the Commission to order LECs to cease charging CMRS providers for the facility which transports traffic from the LEC end office to the CMRS carrier's switch, and to recover those costs instead as part of the access charges assessed against IXCs. PCIA also demonstrated that CMRS providers should be compensated for providing access to their subscribers through the termination of telecommunications traffic.^{8/} Finally, PCIA requested that the Commission require

^{7/} The comments filed by AirTouch Communications, Inc. do address this issue, and are consistent with the position advocated by PCIA. Comments of AirTouch Communications, Inc., pp. 11-13 (FCC should establish a rational mechanism for sharing access charge revenues between CMRS providers and LECs as part of its reform of the access charge regime).

^{8/} Consistent with past Commission findings, CMRS providers should be treated no less favorably than LECs or competitive access providers with respect to the recovery of access charges from IXCs; any less favorable treatment would be unreasonably discriminatory in violation of the Communications Act. *See Interconnection Between Local Exchange Carriers and Commercial Mobile Radio Service Providers, Notice of Proposed Rule Making*, CC Docket No. 95-185, 11 FCC Rcd. 5020 at para. 116 (1996).

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LECs to assess and collect all access charges relating to a telecommunication and pass along to the CMRS carrier those amounts which relate to the costs the CMRS carrier incurs in completing the telecommunication. This would permit CMRS carriers, who are unable to determine the originating source of telecommunications (e.g., whether the traffic is being delivered by an IXC to a LEC and then to the CMRS provider), to receive the compensation to which they are entitled. PCIA's proposal would not be difficult for LECs to administer since they have a direct relationship with the IXC terminating traffic onto the CMRS providers' networks. Absent Commission attention to this unfair treatment, LECs are likely to continue to assess impermissible charges against CMRS providers and to refuse to provide a vehicle by which CMRS providers can recover their costs of providing access to their subscribers.

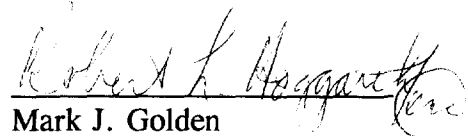
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The comments filed in this proceeding demonstrate that Commission attention to the issues raised in PCIA's comments is critical. For the foregoing reasons, PCIA respectfully requests that the Commission give meaningful consideration to these issues and implement access charge reform with these concerns in mind.

Respectfully submitted,

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